



TO: Boards of Assessors
FROM: Joanne Graziano, Chief, Bureau of Local Assessment
DATE: June 15, 2015
TOPIC: CERTIFIED PIPELINE VALUATIONS FISCAL YEAR 2016

The Commissioner of Revenue has determined and hereby certifies the full and fair cash valuation of taxable pipelines used for the transmission of natural gas, petroleum or their products or by-products with a distance of twenty-five miles or more as of January 1, 2015. These valuations are certified for fiscal year 2016 under Massachusetts General Laws Chapter 59, Section 38A. The property owner or the board of assessors must appeal the valuations to the Appellate Tax Board (ATB) on or before July 15, 2015.

Taxable Properties

The Commissioner values only those designated pipeline assets that are taxable under the General Laws. With respect to a pipeline corporation, only poles, wires, underground conduits, pipes and machinery used in the conduct of business as part of the pipeline is subject to central valuation and taxation under M.G.L. c. 59, § 18, Second and M.G.L. c. 59, § 5, cl. 16(2). See St. 2013, c. 46, §§ 30, 39, 42 & 84. A pipeline company that is not incorporated, but is treated as a corporation for federal income tax purposes, is treated as a pipeline corporation for property tax purposes.

Any pipeline company doing business as a partnership, trust or limited liability company (LLC) and not treated as a corporation for federal income tax purposes is subject to central valuation and taxation on all machinery and equipment used to provide pipeline service, including the Federal Energy Regulatory Commission's Uniform Code of Accounts - 368 (compressor station equipment), 369 (measuring and regulating station equipment), 370 (communication equipment) and 371 (other equipment). M.G.L. c. 59, § 38A; M.G.L. c. 59 § 18, First and Sixth; See also RCN-BecoCom, LLC v. Commissioner of Revenue, 443 Mass. 198 (2005).

The Commissioner also values construction work in progress (CWIP).

Company Local Filing Requirements

With respect to local filing requirements, pipeline companies organized as partnerships, trusts, LLCs or other unincorporated legal entities, except those treated as corporations for federal income tax purposes, are not entitled to any corporate property tax exemptions. M.G.L. c. 59, § 5, cl. 16; M.G.L. c. 63, §§ 30(1), 30(2) and 38A. The Department of Revenue's Bureau of Local Assessment has received FY2016 pipeline data and a listing of all machinery, equipment and other personalty used for pipeline purposes from Algonquin Gas Transmission, LLC, Maritimes & Northeast Pipeline, LLC and Tennessee Gas Pipeline Company, LLC. Except for the centrally valued pipeline property, they are subject to local valuation and assessment on all other personal property situated in the community. Therefore, those companies must file a Form of List with the assessors in all communities where such other personal property is located.

Machinery that is part of the pipeline of Mobil Pipe Line Company, a corporation, was valued for the first time this year, resulting in the higher valuation.

For the gas pipeline companies, in past years, CWIP was reported and valued as part of the system Utility Plant and not reported separately for Massachusetts. For FY2016, the companies were able to identify and separately report the Massachusetts CWIP. The CWIP is valued and the growth is part of the total growth reported. Mobil Pipe Line Company did not have any CWIP to report.

Pipeline Company Issues

The following describes changes from the prior valuation year:

1. *Algonquin Gas Transmission, LLC* reported that pipeline that was owned in Longmeadow has been sold to *Tennessee Gas Pipeline Company, LLC*. The company has reported an increase in pipeline, machinery and equipment assets in Massachusetts for this fiscal year. Overall, the value increased for FY2016.
2. *Maritimes & Northeast Pipeline, LLC* has no change in pipeline, machinery and equipment assets in Massachusetts for this fiscal year. The company reported some CWIP. Overall, the value decreased due to additional depreciation for FY2016.
3. *Tennessee Gas Pipeline Company, LLC* reported additional pipeline in Longmeadow that was purchased from *Algonquin Gas Transmission, LLC*. The company has reported an increase in pipeline, machinery and equipment assets in Massachusetts for this fiscal year. Overall, the value increased for FY2016.
4. *Mobil Pipe Line Company* value increased for FY2016 due to reporting and valuation of pipeline machinery assets. Overall, the value increased for FY2016.

New Growth

The following companies have new growth:

1. *Algonquin Gas Transmission, LLC* has additional pipeline assets, machinery and equipment assets and CWIP that have been reported this fiscal year.
2. *Maritimes & Northeast Pipeline, LLC* has only CWIP that has been reported for this year.
3. *Tennessee Gas Pipeline Company, LLC* has additional pipeline assets and machinery and equipment assets that have been reported this fiscal year.
4. *Mobil Pipe Line Company* has reported pipeline machinery assets valued for the first time in FY2016.

Company List and Addresses

Centrally valued pipeline company billing names and addresses as reported by the companies are posted on our website for your convenience.

Questions regarding valuations may be directed to Walter Sandoval Dusza at 617-626-4087 or John Gillet at 617-626-3605.